Return on Investment Program Funding Application (FY 2003 Request)

This is an electronic template. Please enter your responses on this document. Only electronic submittals of this template will be accepted. Proposals submitted after the designated due date may not receive funding consideration.

FINAL AUDIT REQUIRED: The Enterprise Quality Assurance Office of the Information Technology Department is required to perform a final project outcome audit, after implementation, for all Pooled Technology funded projects.

I T   P R O J E C T   E V A L U A T I O N

SECTION I: PROPOSAL

Date: 7/15/01

Agency Name: Human Services

Project Name:

Expenditure Name: Routine Software Upgrade and Maintenance

Agency Manager: Steve Mosena

Agency Manager Phone Number / E-mail: 515-281-8708

Executive Sponsor (Agency Director or Designee): Lorrie Tritch, Deputy Director of Administration

Request For ROI Application Waiver:

Agencies are required to complete this funding application when requesting funds for any project, any IT expenditure costing over $100,000, or any non-routine IT expenditure. <u>If you feel there is compelling reason to waive this requirement, please provide (in the box provided below) a brief description of the project or expenditure, the budget amount, and a rationale for the waiver request.</u> Until a decision is made regarding your waiver request, it is not necessary to complete any other portion of this application. The ITD Enterprise Quality Assurance Office will convey waiver request decisions within five working days of receipt.

Explanation:

A. Project or Expenditure Rationale

Is this project or expenditure necessary for compliance with a Federal standard, initiative, or statute?   ☒**YES** (If "YES," explain)   ☐ **NO**

Explanation: Routine software upgrade and maintenance is necessary to support mainframe application access to programs which are in place to support Federal Standards, Initiatives and Statutes.

Is this project or expenditure required by State statute?   ☒ **YES** (If "YES," explain)   ☐ **NO**

Explanation: Routine software upgrade and maintenance is necessary to support mainframe application access to programs which are in place to support State Statutes.

Does this project or expenditure meet a health, safety or security requirement?
☒**YES** (If "YES," explain)   ☐ **NO**

> **Explanation:** Routine software upgrade and maintenance is necessary to support mainframe application access to programs which are in place to meet health, safety and security requirements.

Is this project or expenditure necessary for compliance with an enterprise technology standard?
☒ **YES** (If "YES," explain)   ☐ **NO**

> **Explanation:** This routine expenditure is necessary to stay current with enterprise technology standards.

Is this project or expenditure consistent with meeting the goals and objectives of the State's strategic plans?
☒ **YES** (If "YES," explain)   ☒ **NO**

> **Explanation:** Routine software upgrade and maintenance is necessary to be able to participate in meeting the goals and obectives of State's Strategic Plans.

Is this a "research and development" project or expenditure?   ☐ **YES** (If "YES," explain)   ☒ **NO**

> **Explanation:**

B. Project or Expenditure Summary

1. Provide a pre-project or pre-expenditure (before implementation) and a post-project or post-expenditure (after implementation) description of the impacted system or process. In particular, note if the project or expenditure makes use of information technology in reengineering traditional government processes.

> **Response:**
>
> Pre-Expenditure Description - Since 1993, DHS has utilized Attachmate Extra! in our Desktop Software configuration for Mainframe access and application transfer. This is the main software upgrade and maintenance (agreement) expenditure necessary for DHS to interface with the State's mainframe computer. Beginning FY00, DHS established the licensing level for the department at 5800 seats and acquired 3 years of software maintenance on the product. Beginning FY03, this upgrade and maintenance agreement must be re-established.
>
> Post Expenditure Desription - The referenced agreement is a routine expenditure and must be modified to current levels. Software not covered by the previously mentioned upgrade and maintenance agreement must become integrated into a new agreement.

2. Summarize the extent to which the project or expenditure improves customer service to Iowa citizens or within State government. Included would be such items as improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, etc.

IT PROJECT EVALUATION

Response: This expenditure is necessary for DHS to continue the critical data transfer, interface, and access from and to the State's mainframe computer. Without this software upgrade and maintenance agreement, the agency's ability to adequately interact with mainframe applications designed to meet Federal and State requirements will be compromised. This routine expenditure is necessary for DHS to continue to deliver needed benefits, consistent with its mission to serve the citizens of Iowa.

3. Identify the main project or expenditure stakeholders and summarize the extent to which each, especially citizens, is impacted. In particular, note if the project or expenditure helps reconnect Iowans to State government.

Response: DHS, other State and Federal agencies, and citizens of Iowa. For DHS clients, the activities and programs impacted by this expenditure materially impact their lives on a daily basis.

SECTION II: PROJECT ADMINISTRATION

A. Agency Information

1**.** Project Executive Sponsor Responsibilities: The sponsor must have the authority to ensure that adequate resources are available for the entire project, that there is commitment and support for the project, and that the organization will achieve successful project implementation.

   Response: No response required.

2. Organization Skills:
   a. List the project management skills necessary for successful project implementation
   b. List the project management skills available within the agency
   c. List the source(s) of project management skills lacking within the agency
   d. Summarize relevant agency project management experience and results

   > **Response:**
   > a. Mainframe Application testing and review.
   > b. DHS currently has mainframe application teams that support our primary client benefit systems.
   > c. None
   > d. DDM has regularly previewed, tested and implemented software upgrades and installations across our network infrastructure

B. Project Information

1. History:
   a. Is this project the first part of a future, larger project? If so, please explain.
   b. Is this project a continuation of a previously begun project? If so, please explain project history, current status, and results.

   > **Response:**
   > a. No. This routine expediture is required for standard software upgrade and maintenance.
   > b. N/A

2. Expectations: Describe the primary purpose or reason for the project.

   > **Response:**   This expediture is necessary to allow DHS to remain current with software necessary to interface with the State of Iowa Mainframe System. It is also necessary to continue connectivity with minimal disruption.

3. Measures: Describe the criteria that will be used to determine if the project is successful.

   > **Response:**   DHS will review and evaluate the need for the software to ensure the expenditure is necessary.

4. Environment: List the project participants (i.e. single agency, multiple

agencies, State government enterprise, citizens, associations, or businesses, etc.).

Response:	DHS, Citizens, other State and Federal Agencies

5. <u>Risk:</u> Describe the project risks which may be internal or external to State government, i.e. implementing versus not implementing project, changing technology, potential cost overruns, changing citizen demand or need, etc.

Response: The risk of not upgrading the mainframe interface package would be that DHS staff would no longer be able to adequately and accurately access mainframe applications. This would completely impair our staff's ability to perform the core functions DHS is commisioned to perform for the Citizens of Iowa.

6. <u>Security / Data Integrity / Data Accuracy / Information Privacy</u>
   a. List the security requirements of the project
   b. Describe how the security requirements will be integrated into the project and tested
   c. Describe what measures will be taken to insure data integrity, data accuracy and information privacy.

Response:
a. No additional security requirements are necessary. All security requirements are a normal part of our network infrastructure.
b. NA
c. NA

7. <u>Project Schedule</u>
   Describe general time lines, resources, tasks, checkpoints, deliverables, responsible parties, etc.

Response: N/A

SECTION III: TECHNOLOGY (In written detail, describe the following)

A. Current Technology Environment
   1. <u>Software (Client Side / Server Side / Midrange / Mainframe):</u>
     a. Application software
     b. Operating system software
     c. Major interfaces to other systems, both internal and external

> **Response:**
> a. Extra! Personal Client 6.5 (Client)
> b. NA
> c. NA

   2. <u>Hardware (Client Side / Server Side / Mid-range / Mainframe):</u>
     a. Platform, operating system
     b. Storage and physical environment
     c. Connectivity and bandwidth
     d. Logical and physical connectivity
     e. Major interfaces to other systems, both internal and external

> **Response:**
> a. NA
> b. NA
> c. NA
> d. NA
> e. NA

B. Proposed Technology Environment

   1. <u>Software (Client Side / Server side / Mid-range / Mainframe)</u>
     a. Application software
     b. Operating system software
     c. Major interfaces to other systems, both internal and external
     d. General parameters if specific parameters are unknown or to be determined

> **Response:**
> a. Attachmate Extra! 2000 Enterprise (Client)
> b. NA
> c. NA
> d. NA

   2. <u>Hardware (Client Side / Server Side / Mid-range / Mainframe)</u>
     a. Platform, operating system
     b. Storage and physical environment
     c. Connectivity and Bandwidth
     d. Logical and physical connectivity
     e. Major interfaces to other systems, both internal and external
     f. General parameters if specific parameters are unknown or to be determined

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Response:
a. NA
b. NA
c. NA
d. NA
e. NA
f. NA

C. Data Elements
If the project creates a new database, provide a description of the data elements.

Response: N/A

SECTION IV: Financial Analysis

A. Budget: Enter figures and calculate (see formula below) Total Annual Prorated Cost (State Share).

$$\left[\left(\frac{Budget\ Amount}{Useful\ Life}\right)\times\%\ State\ Share\right]+\left(Annual\ Ongoing\ Cost\times\%\ State\ Share\right)=Annual\ \Pr orated\ Cost$$

Budget Line Items	Budget Amount (1st Year Cost)	Useful Life (Years)	% State Share	Annual Ongoing Cost (After 1st Year)	% State Share	Annual Prorated Cost
Agency Staff	$	1	%	$	%	$
Software	$ 600,000	4	50%	$ 0	50%	$75,000
Hardware	$	3	%	$	%	$
Training	$	4	%	$	%	$
Facilities	$	1	%	$	%	$
Professional Services	$	4	%	$	%	$
ITD Services	$	4	%	$	%	$
Supplies, Maint, etc.	$ 150,000	1	50%	$	50%	$75,000

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Other (Specify)	$	1	%	$	%	$
Totals	$ 750,000	-------	-------	$	------	$ 150,000

Transfer this amount to the ROI Financial Worksheet, item "D" on page 13.

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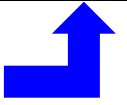
B. Funding: **Enter data or provide response as requested**

1. This is (pick one): ☐ A Pooled Technology Fund or Reengineering Fund Request
    ☒ An Agency IT Expenditure or Budget Request (General Fund, Road Funds, etc)
    ☐ Other – Specify:

2. On a fiscal year basis, enter the estimated cost by funding source?

	FY03		FY04		FY05	
	Cost ($)	% Total Cost	Cost ($)	% Total Cost	Cost ($)	% Total Cost
State General Fund	$ 375,000	50 %	$	%	$	%
Pooled Tech. Fund	$	%	$	%	$	%
Federal Funds	$ 375,000	50 %	$	%	$	%
Local Gov. Funds	$	%	$	%	$	%
Grant or Private Funds	$	%	$	%	$	%
Other Funds (Specify)	$	%	$	%	$	%
Total Project Cost	$ 750,000	100%	$	100%	$	100%

If applicable, summarize prior fiscal year funding experience for the project / expenditure.

> **Response:**   Routine expenditures have come from DHS Appropriation. In FY2002, The Iowa Legislature took the funding from DHS that normally covered these expenses. Continued upgrades and software maintenance will be contingent on available funding within the DHS appropriation.

1. On a fiscal year basis, how much of the total ($ amount and %) project / expenditure cost would be <u>absorbed</u> by your agency from normal operating budgets (all funding sources)?

> **Response:**   Entire amount is being absorbed by agency. No additional funds are being requested.

2. Identify, list, and quantify all <u>new annual ongoing</u> (maintenance, staffing, etc.) related costs (State $s) that will be incurred after implementation or expenditure.

> **Response:**   None

C. ROI Financial Worksheet: **Respond to the following and transfer data to the ROI Financial Worksheet (see IVC11) as necessary:**

1. Annual Pre-Project Cost – Quantify all <u>actual</u> state government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process <u>prior to</u> project implementation. This section should be completed only if state government <u>operations</u> costs are expected to be reduced as a result of project implementation.

> **Response:** NA

2.   Annual Post-Project Cost – Quantify all <u>estimated</u> State government direct and indirect costs associated with activity, system or process <u>after</u> project implementation. This section should be completed only if State government <u>operations</u> costs are expected to be reduced as a result of project implementation.

> **Response:** NA

3.   State Government Benefit -- Subtract the total "Annual Post-Project Cost" from the total "Annual Pre-Project Cost." This section should be completed only if State government <u>operations</u> costs are expected to be reduced as a result of project implementation.

> **Response:** NA

4.   Citizen Benefit – Quantify the estimated annual value of the project to Iowa citizens. This includes the "hard cost" value of avoiding expenses ("hidden taxes") related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses. As a "rule of thumb," use a value of $10 per hour for citizen time savings and $.325 per mile for travel cost savings.

> **Response:** Approx. 680,000 Clients Served Annually x 8% (impacted by software incompatibility issues) x 1.0 hour per client (time lost) x $10 per hour = $544,000 (ESTIMATE)

5.   Opportunity Value/Risk or Loss Avoidance Benefit – Quantify the estimated annual <u>non-operations</u> benefit to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

> **Response:** DHS currently receives approx. $1.6 Billion in Federal funding for benefits as well as Matching Federal Funds for FTEs and Support. Should network infrastructure outages increase due to discontinued maintenance on reflect in delay is the distribution in benefits to the Citizens of Iowa, the Federal Government could sanction the State of Iowa. A 1/4% Sanction of the total Federal funds provided for Benefits and FTEs/Support would be $4,000,000. Also, this expenditure qualifies the State for $375,000 in federal matching funds.
> Total = $4,375,000

6.   Total Annual Project Benefit -- Add the values of all annual benefit categories.

> **Response:** $4,919,000

7.   Total Annual Project Cost – It is necessary to <u>estimate and assign</u> a useful life figure to <u>each</u> cost identified in the project budget. Useful life is the amount of time that project related

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equipment, products, or services are utilized before they are updated or replaced. In general, the useful life of hardware is three (3) years and the useful life of software is four (4) years. Depending upon the nature of the expense, the useful life for other project costs will vary between one (1) and four (4) years. On an exception basis, the useful life of individual project elements or the project as a whole may exceed four (4) years. Additionally, the ROI calculation must include all <u>new</u> annual ongoing costs that are project related. Completing <u>Section IV-A, Project Budget</u> of the evaluation document will provide all the necessary information for this item.

Response: $150,000

8. Benefit / Cost Ratio – Divide the "Total Annual Project Benefit" by the "Total Annual Project Cost." If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

Response: $4,919,000 / $150,000 = 32.8

9. ROI -- Subtract the "Total Annual Project Cost" from the "Total Annual Project Benefit" and divide by the amount of the requested State IT project funds.

Response: ($4,919,000 - $150,0000) / $375,000 = 1272%   NO IT POOLED TECHNOLOGY FUNDS ARE BEING REQUESTED.

10. Benefits Not Readily Quantifiable -- List the project benefits which are not readily quantifiable (i.e. IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.). Rate the importance of these benefits on a "1 – 10" basis, with "10" being of highest importance. Check the "Benefits Not Readily Quantifiable" box in the applicable row.

Response: This routine ecxpenditure is necessary to maintain accessibility to Mainframe applications. These applications are an intregal part of the core business function DHS has been commissioned to perform. These systems support services ranging from the care of the disabled to the protection of children and families.   Delays in services can result in: Less productivity by State Staff and Professional Contractors during extended downtime   (10)   Increased delays in benefit determination and processing   (10)   Increased mail loss of benefits   (10)   Increased mail cost for incorrectly process benefits.   (10)   Increased manual processing time of client benefits   (10)   Increased error rates in benefit calculations   (10)   Increased sanctions from the Federal Government   (10)   Increased Appeal Claims   (10)   Increase in lawsuits against DHS.   (10)

11. ROI Financial Worksheet

Annual Pre-Project Cost - How You Perform The Function(s) Now

FTE Cost (salary plus benefits):	$	NC
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$	NC
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$	NC
A. Total Annual Pre-Project Cost:	$	NC

Annual Post-Project Cost – How You Propose to Perform the Function(s)

FTE Cost:	$	NC
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$	NC
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$	NC
B. Total Annual Post-Project Cost:	$	NC
State Government Benefit (= A-B):	$	NC

Annual Benefit Summary

State Government Benefit:	$	0
Citizen Benefit:	$	544,000
Opportunity Value or Risk/Loss Avoidance Benefit:	$	4,375,000
C. Total Annual Project Benefit:	$	4,919,000
D. Annual Prorated Cost (SECTION IV-A):		$150,000
Benefit / Cost Ratio: (C / D) =		32.8
Return On Investment (ROI): (C – D / Requested Project Funds) x 100 =		1272%

☒ **Benefits Not Readily Quantifiable**

Section V: ITC Project Evaluation Criteria

Criteria and Location in Project Evaluation Document	Points
1. Is the project a statutory requirement; legal requirement; federal or state mandate; health, safety or security requirement or issue; and/or required for compliance with the enterprise technology standards? **Location: Section I-A**	**15**
2. Will the project improve customer service? **Location: Section I-B.2**	**15**
3. Does the project have a direct impact on citizens? To what extent does the project help reconnect state government with Iowans? **Location: Section I-B.3**	**10**
4. Does the project provide a sufficient tangible and/or intangible return on investment? Will it generate savings or income? **Location: Section IV-C**	**10**
5. Does the project make use of information technology and its practical application in reengineering traditional government processes consistent with the goals and objectives of the state's strategic plans? **Location: Section I-B.1**	**10**
6. Risk: What are the risks associated with the project? Such risks may include those internal and external to state government, the risk of doing a project, the risk of not doing a project, and the risks associated with changing technologies, potential cost overruns, and changing citizen demands and needs. **Location: Section II-B.5**	**10**
7. Is this funding required to continue a project that was begun prior to the year funding is being requested for and does it have proven past performance? Is the funding part of a multi-year strategy? **Location: Section II-B1, IVB2**	**10**
8. Will the project be for only one agency, multiple agencies, or the state government enterprise? **Location: Section I-B3, IIB4**	**10**
9. Has the applicant maximized their own and other resources in the project? Is alternative funding unavailable for this project? (If no other funding available, project will not be completed without Pooled Technology funding) **Location: Section IV-B.2, IV-B.3**	**5**
10. What is the credibility of the requester based on past performance on other projects? **Location: Section II-A.2.d**	**5**
Total	**100**

Left margin vertical text: **IT PROJECT EVALUATION**